

Financial Statements
Jasper Township
Midland County, Michigan
March 31, 2006



Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Jasper Township	County Midland
Fiscal Year End March 31, 2006	Opinion Date September 27, 2006	Date Audit Report Submitted to State October 18, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

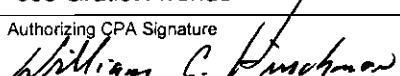
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Roslund, Prestage & Company, P.C.		Telephone Number (989) 463-6123	
Street Address 308 Gratiot Avenue		City Alma	State MI
Zip 48801			
Authorizing CPA Signature 		Printed Name William Hirschman, CPA	License Number 1101016179

Jasper Township
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March 31, 2006

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INDEPENDENT AUDITOR'S REPORT

Jasper Township
Midland County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jasper Township, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2006, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages I-III, and budgetary comparison information on pages 17-18, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Roslund, Prestage & Company, P.C.

Roslund, Prestage & Company, P.C.
Certified Public Accountants

September 27, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Jasper Township Management's Discussion and Analysis

We, the Township Board of Jasper Township, offer citizens of the Township our financial statements with this narrative overview and analysis of the financial activities of Jasper Township for the fiscal year ended March 31, 2006.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Jasper Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances.

The statement of net assets on page 1 presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets.

The statement of activities on page 2 presents information showing how the Township's net assets changed during the most recent fiscal year.

Both the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues. The governmental activities of the Township include general government, public safety, public works, and community and economic development.

The Township adopts an annual appropriated budget for its general fund and fire fund. A budgetary comparison statement has been provided for the general fund and fire fund to demonstrate compliance with this budget.

Jasper Township Management's Discussion and Analysis

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Jasper Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Special Revenue Fund is used by the Township to account for the resources generated and expenses paid for fire protection.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 8-16 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's Budget to Actual comparison. Required supplementary information can be found on pages 17 - 18 of this report.

Financial Highlights

The unrestricted net assets of Jasper Township exceeded its liabilities at the close of the most recent fiscal year by \$620,260, which may be used to meet the Township's ongoing obligations to the citizens and creditors.

At the close of the current fiscal year, Jasper Township's governmental funds reported ending fund balance of \$620,260, an increase of \$5,189 from the 2004 fund balance.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$593,370 or 299% percent of the total general fund expenditures.

The Township's total expenditures increased \$103,330 compared to 2004 expenditures.

Jasper Township Management's Discussion and Analysis

The Township's Funds

The analysis of the Township's major funds begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities.

We have the general fund which pays for most of the Township's governmental services and a special revenue fund which is set up to show revenues and expenditures pertaining to fire protection only.

General Fund Budgetary Highlights

Over the course of the year, the Township Board may amend the budget to take into account events during the year. For the fiscal year ended March 31, 2006, no amendments were made to the originally adopted budget. Budget-to-actual statements are shown on pages 17-18.

Cash and Cash Equivalents

At the end of March 2006, the Township had \$582,505 invested in a combination of CD's and cash deposits. \$82,610 was uninsured and uncollateralized. Deposits that exceed FDIC coverage limits are held at local banks. The Township Board believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank accounts.

Economic Factors and Next Year's Budget and Rates

The unemployment rate still remains high in the State of Michigan but the Township's budget for next year includes a conservative increase in State Revenue Sharing payments. Also considered was the increase in interest rates on the Township's CDs for the fiscal year 2006-2007.

Requests for Information

The financial report is designed to provide a general overview of Jasper Township's finances for all those with an interest in the Township's finances. Questions concerning any of the additional financial information should be addressed to the Supervisor of the Township in writing at 5727 W Kent Road, St Louis MI, 48880, or by telephone at (989) 681-5066.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Jasper Township
Statement of Net Assets
March 31, 2006

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$582,505
Property taxes receivable	18,459
Due from other governments	18,963
Due from agency fund	<u>333</u>
Total current assets	620,260
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>4,312</u>
Total assets	<u>624,572</u>
Net Assets	
Invested in capital assets, net of related debt	4,312
Unrestricted	<u>620,260</u>
Total net assets	<u><u>\$624,572</u></u>

See Accompanying Notes to Financial Statements.

Jasper Township
Statement of Activities
for the Year Ended March 31, 2006

Functions/Programs	Expenses	Program revenues	Net (expense) revenue and changes in net assets
		Charges for services	
Primary government			
General government	\$86,279	\$1,050	(\$85,229)
Public safety	44,873	3,930	(40,943)
Public works	109,222	-	(109,222)
Community and economic development	3,438	210	(3,228)
Total primary government	<u>\$243,812</u>	<u>\$5,190</u>	(238,622)
General revenues			
Property taxes			129,128
State shared revenues			80,528
Unrestricted investment earnings			9,535
Miscellaneous revenues			<u>4,101</u>
Total general revenues			223,292
Change in net assets			(15,330)
Net assets - beginning of year			<u>639,902</u>
Net assets - end of year			<u>\$624,572</u>

See Accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

Jasper Township
Balance Sheet - Governmental Funds
March 31, 2006

	MAJOR FUNDS		Total Governmental Funds
	General	Special Revenue	
ASSETS			
Cash and investments	\$558,745	\$23,760	\$582,505
Property taxes receivable	15,329	3,130	18,459
Due from other governments	18,963	-	18,963
Due from other funds	333	-	333
Total assets	<u>\$593,370</u>	<u>\$26,890</u>	<u>\$620,260</u>
LIABILITIES AND FUND BALANCE			
Fund Equity			
Fund balance - unreserved	<u>\$593,370</u>	<u>\$26,890</u>	<u>\$620,260</u>
Total fund equity	<u>593,370</u>	<u>26,890</u>	<u>620,260</u>
Total liabilities and fund equity	<u>\$593,370</u>	<u>\$26,890</u>	<u>\$620,260</u>

See Accompanying Notes to Financial Statements.

Jasper Township
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds
to Net Assets of Governmental Activities on the Statement of Net Assets
for the Year Ended March 31, 2006

Total fund balance - governmental funds	\$620,260
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Add: cost of capital assets	283,913
Deduct: accumulated depreciation	<u>(279,601)</u>
Net assets of governmental activities	<u><u>\$624,572</u></u>

See Accompanying Notes to Financial Statements.

Jasper Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended March 31, 2006

	MAJOR FUNDS		Total Governmental Funds
	General	Special Revenue	
Revenues			
Taxes and penalties	\$104,034	\$25,094	\$129,128
State grants	80,528	-	80,528
Charges for services	1,260	3,930	5,190
Interest and rentals	9,532	3	9,535
Other revenues	4,101	-	4,101
Total revenues	<u>199,455</u>	<u>29,027</u>	<u>228,482</u>
Expenditures			
Legislative	13,918	-	13,918
General government	58,851	-	58,851
Community and economic development	3,438	-	3,438
Public safety	-	44,873	44,873
Public works	109,222	-	109,222
Other	13,202	-	13,202
Total expenditures	<u>198,631</u>	<u>44,873</u>	<u>243,504</u>
Excess of revenues over (under) expenditures	824	(15,846)	(15,022)
Other financing sources (uses)			
Transfers in	-	25,600	25,600
Transfers out	<u>(25,600)</u>	<u>-</u>	<u>(25,600)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(24,776)	9,754	(15,022)
Fund balance - beginning of year	<u>618,146</u>	<u>17,136</u>	<u>635,282</u>
Fund balance - end of year	<u><u>\$593,370</u></u>	<u><u>\$26,890</u></u>	<u><u>\$620,260</u></u>

See Accompanying Notes to Financial Statements.

Jasper Township
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Year Ended March 31, 2006

Net change in fund balances - total governmental funds (\$15,022)

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives as depreciation expense.

Deduct: depreciation expense (308)

Change in net assets of governmental activities (\$15,330)

See Accompanying Notes to Financial Statements.

Jasper Township
Statement of Net Assets
Fiduciary Funds
Year Ended March 31, 2006

	<u>Tax Collection Fund</u>
ASSETS	
Cash	<u>\$333</u>
Total assets	<u><u>\$333</u></u>
LIABILITIES	
Due to general fund	<u>\$333</u>
Total liabilities	<u><u>\$333</u></u>

See Accompanying Notes to Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

Jasper Township
Notes to Financial Statements
March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Jasper Township (the Township) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

New Accounting Standards Adopted

In fiscal year 2006, the Township adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*
- # 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus – (an Amendment to No. 34)*
- # 38 – *Certain Financial Statement Note Disclosures.*

Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments.

Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund or account group, but distinguish between the Township's governmental activities, business-type activities, and activities of its discretely presented component units on the statement of net assets and statement of activities. Significantly, the Township's statement of net assets includes both noncurrent assets and noncurrent liabilities of the Township, which were previously recorded in the General Fixed Assets Account Group and the General Long-term Debt Account Group.

In addition to the government-wide financial statements, the Township has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Jasper Township
Notes to Financial Statements
March 31, 2006

Statement No. 34 also requires certain required supplementary information in the form of *Management's Discussion and Analysis* which includes an analytical overview of the Township's financial statements. In addition, a budgetary comparison statement is presented that compares the adopted and modified budget for all major funds with actual results.

Statement No. 37 amends GASB Statements No. 21 and 34. The amendments to Statement 21 are necessary because of the changes to the fiduciary fund structure required by Statement 34.

GASB has issued Statement No. 38, *Certain Financial Statement Note Disclosures* which modifies, establishes and rescinds certain financial statement disclosure requirements.

Reporting Entity

The Township is governed by an elected five-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the Township and its component units. In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units, entities for which the Township is considered to be financially accountable. In accordance with generally accepted accounting principles, there are no component units to be included in these financial statements.

Joint Ventures

Mid-Michigan Community Fire Control Board – The Township is a member of the Mid-Michigan Community Fire Control Board which is a joint venture between the City of St. Louis, Bethany Township, Pine River Township and Jasper Township. The Fire Board provides fire protection services to its members of local governments. The City and Townships each appoint one member to the joint venture's governing board. This board then determines and approves the annual budget.

The Township makes annual contributions to the Fire Board based on a formula using the average of the last 4 years of fire runs to determine the percentage cost applicable to each participating unit.

For the period April 1, 2005 through March 31, 2006, the Township's contribution to the Board was \$44,873.

Jasper Township
Notes to Financial Statements
March 31, 2006

The Township is unaware of any circumstances that would cause it an additional benefit or burden in the near future. Complete financial statements for the year ended June 30, 2006 can be obtained by writing to: Mid-Michigan Community Fire Board, 108 W. Saginaw, St. Louis, Michigan 48880.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to consumers who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Jasper Township
Notes to Financial Statements
March 31, 2006

Governmental Fund Financial Statements - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, claims and judgments, are recorded only when payment is due.

Fiduciary Fund Financial Statements – Fiduciary funds account for assets held by the Township as a trustee or agency capacity on behalf of others and, therefore, are not available to support Township operations. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township's operations. The Township currently maintains an agency fund to account for the monies collected and paid to various governmental entities for property tax collections.

The Township reports the following major funds:

Governmental Funds - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund – The Special Revenue Fund is used by the Township to account for the resources generated and expenses paid for fire protection.

Budgets and Budgetary Accounting

Budgets are adopted by the Township for the general fund and the special revenue fund. These budgets are adopted and prepared on the modified accrual basis of accounting. The budgets are adopted at the function level. The budgeted revenues and expenditures for governmental fund types, as presented in this report, include any authorized amendments to the original budget as adopted.

Jasper Township
Notes to Financial Statements
March 31, 2006

Property Taxes

Property taxes are levied on each December 1st on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 14th with the final collection date of February 28th before they are added to the county delinquent tax rolls.

For Township operations, the 2005 Taxable Valuation of the Township totaled \$27,937,876 on which 1.3502 mills were levied for operating purposes and .9001 mills were levied for fire protection.

The total 2005 levy for the Township was \$37,722 for operating purposes and \$25,147 for fire protection.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Inventories

Inventories, which are immaterial in amount, are not recognized as an asset in these financial statements. Inventories are recorded as expenditures at the time of purchase in the governmental and proprietary fund types.

Deposits

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit.

Receivables

Receivables have been recognized for all significant amounts due the Township in accordance with the accounting principles used for the particular fund. Valuation reserves have not been provided since their collection is not considered doubtful and any uncollected amounts would be immaterial.

Jasper Township
Notes to Financial Statements
March 31, 2006

Capital Assets

Capital assets, which include property, plant and equipment, of the governmental activities are reported in the governmental column in the government-wide financial statements. Capital assets of the proprietary funds are reported in the statement of net assets of the proprietary funds. Capital assets are defined by the Township as individual assets with an initial cost equal to or more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The Township does not have infrastructure type assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction of capital assets is not capitalized. No interest expense was incurred during the current year.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements.

Capital assets of the Township are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings & Improvements	25
Equipment & Furnishings	5
Computers	3

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted at the function level and on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end. The Township does not maintain a formalized encumbrance accounting system. The budgeted revenues and expenditures, as presented in this report, include any authorized amendments to the original budget as adopted.

Jasper Township
Notes to Financial Statements
March 31, 2006

Excess of Expenditures over Appropriations

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2006, the Township incurred expenditures in excess of the amounts appropriated as shown on pages 17-18 of this report.

NOTE 3 - DETAILED NOTES

Cash and Cash Equivalents

Michigan Compiled Laws, Section 129.91, authorized the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township's deposits are in accordance with statutory authority.

At March 31, 2006, the carrying amount of the Township's cash and cash equivalents was as follows:

Cash deposits	\$182,505
Certificate of deposits	400,000
Total	\$582,505

At year end, the bank balance was \$582,610, of which \$500,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. Deposits which exceed FDIC insurance coverage limits are held at local banks.

Jasper Township
Notes to Financial Statements
March 31, 2006

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits government funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Due From Other Governments

The amount of "Due From Other Governments" represents state revenue sharing received after year end.

Due From / To Other Funds

The amount of "Due From/To Other Funds" represents property taxes collected and held in the Agency fund that are due to the General Fund.

Capital Assets

A summary of changes in general fund capital assets follows:

	April 1, 2005	Additions	Disposals	March 31, 2006
Buildings & Improvements	\$254,700	-	-	\$254,700
Equipment & Furnishings	17,150	-	-	17,150
Computers	12,063	-	-	12,063
Sub-totals	283,913	-	-	283,913
Accumulated Depreciation	(279,293)	(\$308)	-	(279,601)
Totals	\$4,620	(\$308)	-	\$4,312

Depreciation expense was charged to the general government function.

Jasper Township
Notes to Financial Statements
March 31, 2006

Risk Management

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters. The Township has purchased commercial insurance from independent insurance providers. Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage obtained through commercial insurance during the past year.

Building Inspection Department Fund

Public Act 245 of 1999 was signed on December 28, 1999 and took immediate effect. This act amends the State Construction Code Act (Public Act 230 of 1972) and requires, among other things, the establishment of a special revenue fund to account for the revenues and expenditures associated with issuing building permits, examining plans and specifications, inspecting construction before issuing permits, and issuing certificates of use and occupancy.

The Township has not established this fund because the fee structure is not intended to recover the full cost and the Township has the ability to track the full cost and revenues of this activity without creating a separate fund.

The revenues generated under this act for the year ended March 31, 2006 were \$210. The expenditures incurred for this activity during the year ended March 31, 2006 were \$3,438.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE

Jasper Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended March 31, 2006

	Budget			Favorable (Unfavorable) Variance Between Actual and Final Budget
	Original	Final	Actual	
Revenues				
Taxes and penalties	\$35,865	\$35,865	\$104,034	\$68,169
State grants	82,196	82,196	80,528	(1,668)
Charges for services	960	960	1,260	300
Interest and rentals	4,402	4,402	9,532	5,130
Other revenues	154	154	4,101	3,947
Total revenues	<u>123,577</u>	<u>123,577</u>	<u>199,455</u>	<u>75,878</u>
Expenditures				
Legislative	19,338	19,338	13,918	5,420
General government	61,545	61,545	58,851	2,694
Community and economic development	1,310	1,310	3,438	(2,128)
Public works	46,892	46,892	109,222	(62,330)
Other	-	-	13,202	(13,202)
Total expenditures	<u>129,085</u>	<u>129,085</u>	<u>198,631</u>	<u>(69,546)</u>
Excess of revenues over (under) expenditures	(5,508)	(5,508)	824	6,332
Other financing sources (uses)				
Transfers out	<u>(21,000)</u>	<u>(21,000)</u>	<u>(25,600)</u>	<u>(4,600)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(26,508)	(26,508)	(24,776)	1,732
Fund balance - beginning of year	<u>599,849</u>	<u>599,849</u>	<u>618,146</u>	<u>18,297</u>
Fund balance - end of year	<u><u>\$573,341</u></u>	<u><u>\$573,341</u></u>	<u><u>\$593,370</u></u>	<u><u>\$20,029</u></u>

See Accompanying Notes to Financial Statements.

Jasper Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Fire Fund
Year Ended March 31, 2006

	Budget			Favorable (Unfavorable) Variance Between Actual and Final Budget
	Original	Final	Actual	
Revenues				
Taxes and penalties	\$23,908	\$23,908	\$25,094	\$1,186
Charges for services	2,600	2,600	3,930	1,330
Interest and rentals	-	-	3	3
Total revenues	<u>26,508</u>	<u>26,508</u>	<u>29,027</u>	<u>2,519</u>
Expenditures				
Public safety	<u>21,000</u>	<u>21,000</u>	<u>44,873</u>	<u>(23,873)</u>
Total expenditures	<u>21,000</u>	<u>21,000</u>	<u>44,873</u>	<u>(23,873)</u>
Excess of revenues over (under) expenditures	5,508	5,508	(15,846)	(21,354)
Other financing sources (uses)				
Transfers in	<u>21,000</u>	<u>21,000</u>	<u>25,600</u>	<u>4,600</u>
Excess of revenues and other sources over (under) expenditures and other uses	26,508	26,508	9,754	(16,754)
Fund balance - beginning of year	<u>17,136</u>	<u>17,136</u>	<u>17,136</u>	<u>-</u>
Fund balance - end of year	<u><u>\$43,644</u></u>	<u><u>\$43,644</u></u>	<u><u>\$26,890</u></u>	<u><u>(\$16,754)</u></u>

See Accompanying Notes to Financial Statements.

OTHER SUPPLEMENTAL INFORMATION

GENERAL FUND

STATEMENT OF REVENUES AND EXPENDITURES

Jasper Township
Statement Of Expenditures
General Fund
Year Ended March 31, 2006

Legislative

Township Board	
Salaries and wages	\$2,700
Professional fees	110
Insurances	3,866
Supplies	2,094
Education and training	265
Printing and publishing	1,070
Dues and subscriptions	2,393
Refunds and other	<u>1,420</u>
Total legislative	<u>13,918</u>

General Government

Supervisor	
Salaries and wages	9,840
Education and training	1,867
Transportation	460
Total supervisor	<u>12,167</u>

Assessor	
Salaries and wages	9,618
Land division expense	210
Supplies	10
Total assessor	<u>9,838</u>

Elections	
Education and training	<u>40</u>

Clerk	
Salaries and wages - clerk	9,840
Salaries and wages - deputy clerk	1,020
Education	3,176
Transportation	70
Total clerk	<u>14,106</u>

See Accompanying Notes to Financial Statements.

Jasper Township
Statement Of Expenditures (Continued)
General Fund
Year Ended March 31, 2006

Treasurer	
Salaries and wages - treasurer	\$12,180
Salaries and wages - deputy treasurer	1,020
Supplies	213
Transportation	395
Education	1,310
Printing and publishing	1,002
Total treasurer	<u>16,120</u>
Board of Review	
Salaries and wages	607
Miscellaneous	290
Total board of review	<u>897</u>
Building and Grounds	
Repairs and maintenance	1,106
Electricity	517
Gas	992
Telephone	528
Cleaning	129
Supplies	335
Total building and grounds	<u>3,607</u>
Cemetery	
Contracted services	700
Repairs and maintenance	1,376
Total cemetery	<u>2,076</u>
Total general government	<u>58,851</u>
Community and Economic Development	
Zoning board	
Salaries and wages	<u>2,678</u>

See Accompanying Notes to Financial Statements.

Jasper Township
Statement Of Expenditures (Continued)
General Fund
Year Ended March 31, 2006

Planning Commission	
Salaries and wages	<u>\$760</u>
Total community and economic development	<u>3,438</u>
Public Works	
Drains at large	
Contracted services	<u>6,358</u>
Waste Collection and Disposal	
Contracted services	<u>21,093</u>
Highways, Streets and Bridges	
Contracted services	<u>81,771</u>
Total public works	<u>109,222</u>
Other	
Payroll taxes	4,723
Miscellaneous	<u>8,479</u>
Total other	<u>13,202</u>
Total expenditures	<u><u>\$198,631</u></u>

See Accompanying Notes to Financial Statements.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Township Board
Jasper Township
Midland County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jasper Township (the Township) as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 27, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Township in a separate letter dated September 27, 2006.

This report is intended solely for the information and use of management and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.


Roslund, Prestage & Company, P.C.
Certified Public Accountants

September 27, 2006



MANAGEMENT LETTER

To The Board Of Trustees
Jasper Township
Midland County, Michigan

In planning and performing our audit of the financial statements for Jasper Township for the fiscal year ended March 31, 2006, we considered the internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

During our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

This letter does not affect our audit report dated September 27, 2006, on the financial statements of Jasper Township.

We will review the status of these comments during our next audit engagement. We have discussed these comments and suggestions with management, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

ROSLUND, PRESTAGE AND COMPANY, P.C.
Certified Public Accountants

September 27, 2006

Jasper Township Management Letter

Council Oversight

The size of the Township's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. Therefore, we recommend that the members of the Board of Trustees maintain a level of involvement in the financial affairs of the organization to provide appropriate oversight and independent review functions.

Adopt a Capitalization Policy and Expense Small Items

We noted during our audit that there is no established guideline concerning which property and equipment acquisitions are to be capitalized. We recommend that the Township establish a capitalization policy whereby all purchases over a minimum threshold (i.e. \$1,000) and having a useful life of one year or more are capitalized. This policy should be in writing and communicated to those who code property invoices to ensure the policy is consistently followed. Also, we recommend that capitalizable expenditures be coded to an account separate from those expenditures which will not be capitalized. This will result in a more uniform treatment of property and equipment and allow the Township to continue to assess current expenditures along with identifying significant assets that will later be capitalized.

Disbursements System

During our review of the disbursements system we found that the original source documentation supporting the disbursements (i.e., invoices, contracts, purchase orders, etc.) was kept in different locations. We recommend that all original source documentation be kept at one location. Copies of this information can be kept at other location if necessary. This will result in a more concise and complete system of record keeping and allow for easier accessibility.

Budgets

The budget for the year ended March 31, 2006 includes activities for the general fund as well as the fire fund. Public Act 621 of 1978, as amended, requires that separate budgets be established for the general fund and most special revenue funds (the fire fund), as required.

Therefore, we recommend that separate budgets be adopted for the General Fund and the Fire Fund.

Reconcile Payroll Liabilities and Expenses

We noted during the audit that the payroll liabilities account was significantly overstated. We recommend that this account be used solely to record the employee portion of payroll related liabilities due to third parties. Then, as the amounts remitted to those third parties are posted to these liability accounts, the balance in these liability accounts would be reduced back to zero. This method, along with a monthly reconciliation of the related expenditure accounts, will help to prevent future overstatements.

Separate Township's Portion of Payroll Tax Expense from Salaries Expense

During the audit it was noted that the Township's portion of payroll tax expense is posted to the same account as other expenses (i.e., meeting attendance, education, training, etc.) We recommend that the Township use separate accounts to track these expenses. By doing this the Township can more easily reconcile payroll tax expenses as well as evaluate the activity in the other accounts.

Separate Charges for Reimbursements from Payroll Checks

We noted during the audit that reimbursements to employees for their expenses were include in the payroll checks issued to them. We recommend that separate checks be issued for payroll and reimbursed expenses. This will improve the ability to reconcile payroll activity and make the review of employee reimbursements easier.

Prepare a Trial Balance and/or Financial Statements for the Fire Fund on a Regular Basis

Currently there are no formal financial reports prepared for the Fire Fund. We recommend that management prepare periodic (monthly or quarterly) reports (a trial balance or complete set of financial statements) for the Board to review. The importance of a good accounting system cannot be overemphasized. Without adequate financial records, management may be basing its decision on incomplete and/or inaccurate information during the year, and excessive time is spent at year end in preparing and auditing the financial statements.

Jasper Township
Management Letter

Qualifying Statement

Under the Revised Municipal Finance Act (Public Act 34 of 2001) the Michigan Department of Treasury has the authority to protect the credit of the state and its municipalities. One of the tools used by Treasury to monitor the fiscal health of the state's municipalities and debt issuance is the "Qualifying Statement". Consequently, pursuant to this act the Township is required to submit a Municipal Finance Qualifying Statement Worksheet (Qualifying Statement) with the State of Michigan each year. The Qualifying Statement is due to the State within 180 days from the end of the fiscal year. Qualifying statements are required to be submitted electronically and can be found at www.michigan.gov/treasury.

Status of Prior Year Comments and Recommendations

We were please to see that management has implemented some of the recommendations we included in our previously issued Management Letter.

We have listed below the comments and related recommendations we included in our previously issued Management Letter in which the recommendations we suggested, or an appropriate alternative, have not been implemented as of the date of this report.

Fire Fund Activity

The Fire Fund activity is currently posted to the same general ledger system as the General Fund, resulting in the commingling of the activity for two separate and distinct services. We recommend that the Fire Fund activity and the General Fund activity be recorded in two separate funds.

Certificates of Deposit

The Certificates of Deposit were not included in the trial balance or general ledger of the General Fund. We recommend that all assets (and liabilities), and related activity be included in the general ledger at all times.

Certificates of Deposit

During our review of the investments we found that all but one of the seven certificates of deposits contained an "automatic renewal" provision. The one certificate that did not contain this provision indicated a maturity date of February 5, 1991. Although the bank confirmed the existence of this certificate; we still recommend that the Township maintain a current, original copy of all certificates that do not have an automatic renewal provision.